

TF FINANCIAL CORPORATION
COMPENSATION COMMITTEE CHARTER

The primary purpose of the Compensation Committee is to provide oversight to management so that TF Financial Corporation (the “Company”) and Third Federal Bank (the “Bank”) create and maintain competitive programs which attract, develop, motivate, reward and retain employees committed to superior performance and the highest professional and ethical standards. The Compensation Committee will ensure those personnel and compensation policies support the Company’s strategic mission and comply with all applicable legal and regulatory requirements.

Under the supervision of the Board of Directors (the “Board”), the Company has developed and implemented compensation policies, plans and programs which seek to enhance the profitability of the Company, and thus shareholder value, by aligning closely the financial interests of the Company’s employees, including its Chief Executive Officer and other executive officers and senior management, with the interests of its shareholders.

The executive compensation program of the Company is designed to:

- Support a pay-for-performance policy that differentiates between compensation based on corporate and individual performance;
- Motivate employees to assume increased responsibility and reward them for their achievement;
- Provide compensation opportunities that are comparable to those offered by other leading companies, allowing the Company to compete for and retain top quality, dedicated executives who are critical to the Company’s long-term success; and
- Align the interests of executives with the long-term interests of shareholders through award opportunities that can result in ownership of Company common stock.

Specifically, the Compensation Committee will:

- Set executive management compensation, which includes compensation to the Chairman, President and all other executive officers, and oversee the Company’s overall compensation plan. In accordance with the rules of the Nasdaq Stock Market, the Chief Executive Officer shall not be present during the Committee’s voting on or deliberations of such matter.
- Recommend to the Board levels of salary and incentive compensation payable to the executive officers and other key employees of the Company.
- Recommend to the Board the establishment of incentive compensation plans and programs. Review and monitor incentive compensation programs to ensure those effective controls exist so that the Company is not exposed to unintended or excessive risks.

- Recommend to the Board the adoption and administration of certain benefit plans and programs of the Company.
- Recommend to the Board payment of additional year-end contributions by the Company under certain of its retirement and incentive plans.
- Oversee the Company's equity based incentive plans.
- Determine and recommend to the Board equity based incentive awards to executive officers and employees of the Company.
- Annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and recommend to the Board the CEO's compensation levels based on this evaluation. Annually review and recommend to the Board performance goals and objectives with respect to the compensation of the Chief Executive Officer. Recommend the CEO's total compensation level based on such evaluation.
- Determine whether to retain or terminate any compensation consulting firm used by the Company to assist in the evaluation of director, CEO, or senior executive compensation. Exercise sole authority to approve the terms and fees relating to such retention and have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- Serve as fiduciary and/or administrator of certain compensation or benefit plans as may be necessary or required and have and exercise the power, authority and discretion conferred by law or the terms of the relevant plan, as applicable.
- Annually review, and make recommendations to the Boards of the Company and the Bank with respect to the compensation of directors, including incentive compensation plans and equity-based plans.
- Annually review and recommend to the Board for the executive officers of the Company: (a) the annual base salary level, (b) the annual incentive opportunity level, (c) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (d) any special or supplemental benefits, including, but not limited to special life insurance benefits and supplemental retirement arrangements.
- Review and reassess the adequacy of this Charter annually and, as appropriate, recommend changes to the Boards for their approval.
- Consult with special counsel on matters pertaining to compensation.
- Annually review the Company's disclosure reports and materials filed with the Securities and Exchange Commission and information mailed to the Company's stockholders, and make recommendations for changes, if any, to the appropriate officer of the Company or the Board.

- Take any actions necessary to carry out the above provisions of this Charter.
- Perform such other functions as are, from time to time, assigned by the Board.

Each member of the Compensation Committee shall be an “Independent Director” as defined by the rules of the Nasdaq Stock Market. Compensation Committee members shall be appointed annually by the Board. If the Board does not designate a Compensation Committee Chair, the members of the Compensation Committee may designate a Chair by majority vote. A majority of Compensation Committee members shall constitute a quorum for the transaction of business. The action of a majority of those present at a meeting, at which a quorum is attained, shall be the act of the Compensation Committee. The Compensation Committee shall meet as frequently as needed, and no less than annually. A meeting may be called by the Chair of the Compensation Committee, or by a majority of the members of the Compensation Committee. Notice of any meeting shall be given by the person or persons calling the meeting to each member of the Compensation Committee at least 24 hours prior to the meeting. Notice may be given in any reasonable manner as determined by the Chair of the Compensation Committee. Attendance by any member of the Compensation Committee at a meeting thereof shall constitute waiver of notice of the meeting.

Any action required or permitted to be taken at any meeting of the Compensation Committee may be taken without a meeting if all members of the Compensation Committee consent thereto in writing and the writing or writings are filed with the minutes of the proceedings of the Compensation Committee. Following each of its meetings, the Compensation Committee shall report its actions and recommendations to the Boards of the Company and/or the Bank, as applicable.

At present, the executive compensation program is comprised of salary, annual cash incentive opportunities, long-term incentive opportunities in the form of stock options, restricted stock and miscellaneous benefits typically offered to executives in comparable corporations.

The Compensation Committee considers the total compensation (earned or potentially available) in establishing each element of compensation so that total compensation paid is competitive with the market place. The Compensation Committee is advised periodically by counsel and independent compensation consultants concerning salary competitiveness and periodically receives an independent survey of salary competitiveness of other financial institutions.

Additional responsibilities of the Compensation Committee will be to assist the Board in its responsibility to oversee the selection, evaluation and performance of other executive officers, to plan for management succession and to monitor, on a regular basis, the effectiveness and execution of management strategies and decisions in optimizing the Company’s long-term financial returns in a manner consistent with applicable legal requirement and ethical considerations.

Adopted on December 15, 2010 - Last Revised 1/25/2012